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MUNISIPALITEIT | MUNICIPALITY | uMASIPALA

INDIGENT POLICY

For implementation as from 1 July 2017

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1. Definitions

"**child-headed household**" means a household where all the occupants of a residential property are younger than 18 years old and the household is headed by a child as defined in section 28(3) of the Constitution. Therefore –

i) The parents of the household have died;
ii) A minor has assumed the role of care giver in respect of another minor in the household;
iii) Such minors reside permanently on the property; and
iv) The situation pertaining to the household has been verified by a social worker.

"customer care and management, credit control and debt collection policy" means the council approved policy dealing with these. This indigent policy is subject to that policy in all aspects and must be read in conjunction.

"**indigent household**" means a family unit comprising of the head of the family, being a natural person, and may include blood related or adopted dependants who are jointly living on a stand or site on a permanent basis and who receive electricity and/or water from one meter, regardless whether the person rents or owns the property.

"indigent subsidy" means a subsidy to indigent households to ensure the receiving of basic services of which the funding is restricted to the Equitable Share receive from National Government.

"occupier" means any person who occupies any premises or part thereof, without any regard to the title under which he or she so occupies.

"**seasonal worker**" means any person who is employed by an employer for an aggregate period of at least one to three months over a 12-month period with the same employer and whose work is interrupted by reason of a seasonal variation in the availability of work.

2. Objectives

The objectives of the policy are to:

(a) Determine the criteria for qualification of indigent support;
(b) Provide a framework to link the municipal budget to indigent support;
(c) Ensure that the criteria are applied correctly and fairly to all applicants;
(c) Allow the Municipality or its authorised agent to conduct visits to the premises of applicants to verify the actual status of the household;

(d) Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies;
(e) Ensure the provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council; and
(f) Ensure the provision of procedures and guidelines for the subsidisation of basic service charges to indigent households.

3. Duties and functions

3.1 Duties and functions of Council

a) To provide sufficient funds to give access to basic services for indigent households.

3.2 Duties and functions of ward councillors and political parties

a) To make inputs regarding indigent applications.

4. Qualifying households

a) In order to qualify for a 100% indigent subsidy, the qualifying income for a household must be R4 300 or less per month. The income limits for seasonal workers will be calculated over a period of one year.
b) The second category is based on an income of R5 350 per month. Such households will receive an indigent subsidy of 70% of abovementioned category.
c) The applicant (occupant or owner) must occupy the premises on a full time basis, receive a municipal account, is a South African citizen and may not own any other fixed property.
d) The indigent subsidy application must be made annually in person and will be allocated monthly by means of a credit entry on the municipal account.
e) Proof of income must be produced in the form of a recent bank statement (3 months) and in cases where no bank account exists, the consumer must produce a payslip, or other acceptable proof of income, or a sworn statement. Such applications may, however, only be considered after a full investigation by means of a social-economic survey.
f) The following items must also accompany the application:
   (i) Proof of the account holder's identity;
   (ii) Sworn statement of the applicant that he/ she meets the criteria;
(g) Indigent Accountholders with conventional electricity will be obliged to convert to 30 ampere prepaid electricity meters when funded by Council.
(h) Deposits for the registration of accounts in person's names may be waived.

5. Public benefit organisations

The following is required if a public benefit organization is to receive an indigent subsidy:

(a) The organization must be registered as a non-profit organization;
(b) A certificate and welfare registration number must be provided;
(c) The management of the non-profit organization must make an application for indigent subsidy annually before 31 March;
(d) It is the responsibility of the management of such organization to inform Council if circumstances had changed to such an extent that they no longer qualify.
(e) The amount of the subsidy will be based on 75% of the monthly service account of the institution.

6. Child-headed households

(a) A child-headed household will qualify for an indigent subsidy.
(b) The conditions for approval are:
    (i) Must occupy the property as his/ her normal residence;
    (ii) Not be older than 18 years of age;
    (iii) Still be scholar or unemployed.

7. Funding of indigent subsidy

(a) The source of funding of the indigence subsidy is that portion of the equitable share contribution to the municipality made from the national government's treasury and as provided for in the budget. In exceptional circumstances this can be supplemented from other revenues.

8. Calculation of subsidy amount

(a) The subsidy amount is to be crudely calculated by dividing the portion of the equitable share as budgeted by the estimated number of qualifying households per area and tariff type. These figures are the approximate average subsidy per household.

9. Subsidised services

(a) Subsidised services are to be sewerage, water, refuse removal, assessment rates, electricity and site rental at informal settlements.

10. Quantum of services to be subsidised per month

(a) 6 kl Water + Basic fee;
(b) 50 kWh Electricity + Basic fee based on a maximum of 40 amp single phase conventional electricity meter (if applicable);
(c) Basic charge for site rental at informal settlements;
(d) Refuse removal charge (x4 removals per month);
(e) Sewerage charge (flow and availability & sewerage pumping) based on a 250m² erf; and
(f) Assessment rates charge: Valuation limited to R185 000 (rebate of R15 000 + R35 000 + an additional R135 000 on total valuation).

11. Prepaid electricity meter

(a) The costs of the conversion to prepaid electricity of Indigent Households implementation can be met by:

i) The equitable share fund if sufficient; or
ii) Cash payment by the household, which can also be a down payment over a period of 6 months.

12. Water leakages

(a) Where water leakages occur at indigent households, such leakages must be reported by the occupier in order to be repaired at Council's expense against the equitable share grant.

13. Restriction of services

(a) Services for Indigent households, where usage exceeds 6kl of water and 50 kWh electricity and the account is in arrears, may be restricted.

14. Application for indigent subsidy

(a) Indigent households who qualifies can apply on a specific council application form, after which screening and on-going auditing may apply.
(b) This form will require data on the inhabitants of the household, their occupations, income and property ownership, and business ownership.
(c) Council reserve its rights to send inspectors to visit indigent households to audit the accuracy of the data in the application form, and to record any changes in circumstances, and make recommendations on the continuation or discontinuation of the subsidy.
(d) Indigent households must re-apply for indigent support annually.

(e) It is the responsibility of the beneficiary to renew the subsidy before the expiry date.
(f) Households will be excluded from the scheme if:
    i) The application was filled in dishonestly.
    ii) Audits suggest improvements in the financial circumstances of the household.

15. Consumption

(a) If a consumer's consumption or use of a municipal service is less than the subsidised service, the unused portion may not be accrued by the consumer and will not entitle the consumer to cash or a rebate in respect of the unused portion.
(b) If a consumer's consumption or use of a municipal service is in excess of the subsidised service, the customer must pay for such excess consumption at the applicable rate.

16. Deregistration of indigents

(a) An indigent customer must immediately request de-registration by the municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meets the qualification set out in this policy.
(b) An indigent customer may at any time request de-registration.
(c) Subsidies that have been received unrightfully may be reserved and claimed from the consumer by the municipality.
(d) Any false declaration will lead to the permanent disqualification of an applicant from the indigent subsidy scheme and the municipal council reserves the right to take legal action against such an applicant.

17. Providing of information of indigents to the public

(a) A list of Indigent Customers will be maintained and may be made available to the general public, subject to the Promotion of Access to Information Act.

18. Irrecoverable debt

(a) Debt will only be written off as irrecoverable if it has been approved by Council.
(b) Councilors and ward councilors will be given an opportunity to scrutinize the list of proposed write-offs before it is to be written off.
(c) Once an indigent application has been registered for the first time, all arrear balances will be written off.

(d) All debtors who are registered as indigent may have their arrears written off once a year.

19. Enforcement mechanisms

(a) All identified indigent households can have restricted water flow control implemented, if his/her account becomes overdue and/or if the arrangement for the payment of outstanding amounts is not honoured.
(b) Judgment orders or summonses against indigent households will be suspended as long as the household qualifies for the indigent subsidy.

20. Theft and fraud

(a) Any person (natural or juristic), found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorised service associated with the supply of municipal services, as well as theft and damage to Council property, will be prosecuted and/or liable for penalties as determined from time to time.
(b) Council will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.
(c) The total bill owing, including interest, assessment of unauthorised consumption and disconnection and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned. An acceptable repayment arrangement can also be negotiated to the discretion of the Accountant: Collections.
(d) Council will maintain monitoring systems and teams to detect and survey consumers who are undertaking such illegal actions.
(e) Council may distinguish in its penalties between cases of vandalism and cases of theft.
(f) Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.
(g) Council reserves the right to lay charges and to take any other legal action against both vandals and thieves.
(h) Any person failing to provide information or providing false information to the municipality may face immediate disconnection.

21. Legal process

a) Legal action for the recovery of outstanding debt will not be taken against Indigent households as long as the household is classified by the Municipality as indigent.